

HOUSE BILL REPORT

HB 1582

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to permitted transactions by insurance agent-brokers.

Brief Description: Permitting certain transactions by insurance agent-brokers.

Sponsors: Representatives Zellinsky, Mielke, R. Meyers, Dellwo, Campbell, Dorn, Dyer and Basich.

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, February 22, 1993,
DPS.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives Zellinsky, Chair; Scott, Vice Chair; Mielke, Ranking Minority Member; Dyer, Assistant Ranking Minority Member; Anderson; Dellwo; Dorn; Grant; R. Johnson; Kessler; Kremen; Lemmon; R. Meyers; Reams; Schmidt; and Tate.

Staff: John Conniff (786-7119).

Background: Some agents and brokers hold dual agent/broker licenses. When such persons are placing business with an insurance company that has appointed the person as an agent, the person may only act in an agency capacity and may not act as broker to place business with the company. As a result, if the insurance company markets a particular insurance product that is authorized for sale by brokers only, the company's agents are unable to place the business even if the agents are also licensed brokers.

Summary of Substitute Bill: With the approval of the insurer, an agent of the insurer who also holds a broker's license may place business with the insurer on a brokerage basis if a full disclosure of such circumstances are made to the insured or applicant for insurance.

Substitute Bill Compared to Original Bill: An agent of an insurer must obtain the insurer's approval to place business with the insurer on a brokerage basis.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Persons who hold a dual license as both an insurance agent and broker, should be able to act as a broker with an insurer who has also appointed the person as the insurer's agent.

Testimony Against: None.

Witnesses: Steve Wehrly, Western Association of Insurance Brokers (pro).